

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-57953; File No. SR-Phlx-2008-45)

June 11, 2008

Self-Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Increasing the Maximum Number of Quoters in options overlying the SPDR Gold Trust

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on June 6, 2008, the Philadelphia Stock Exchange, Inc. (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been substantially prepared by the Phlx. The Exchange has designated this proposal as one constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule under Section 19(b)(3)(A)(i) of the Act,<sup>3</sup> and Rule 19b-4(f)(1) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Phlx proposes to increase the Maximum Number of Quoters (“MNQ”) in options overlying the SPDR Gold Trust (“GLD”). The text of the proposed rule change is available on Phlx’s Web site (www.phlx.com), at the Phlx’s Office of the Secretary, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>4</sup> 17 CFR 240.19b-4(f)(1).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Phlx included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Phlx has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to enhance liquidity on the Exchange in options overlying GLD by setting the highest MNQ permissible under Exchange rules for such options.<sup>5</sup>

Exchange Rule 507, Commentary .04 provides a procedure by which the Exchange's Options Allocation, Evaluation and Securities Committee ("OAESC")<sup>6</sup> may increase the MNQ for a particular product. Specifically, when exceptional circumstances warrant, the OAESC may increase the MNQ for an existing or new product.

"Exceptional circumstances" refers to substantial trading volume, whether actual or

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<sup>5</sup> Exchange Rule 507, Commentary .02 provides:

"The term 'MNQ' refers to the maximum number of participants that may be assigned in a particular equity option at any one time. The MNQ levels for options trading on the Exchange are as follows, based on the preceding month's national volumes:

- (a) 22 for the 5% most actively traded options;
- (b) 17 for the next 10% most actively traded options;
- (c) 12 for all other options."

<sup>6</sup> See Exchange By-Law Article X, Section 10-7.

expected (e.g., in the case of a new product or a major news announcement or corporate event). Upon cessation of the exceptional circumstances, the OAESC, in its discretion, may determine to reduce the MNQ, provided, however, that any reduction must be undertaken in accordance with the procedure established in the Rule 507.

The effect of an increase in the MNQ is procompetitive in that it increases the number of market participants that may quote electronically in a product. The purpose of this filing is to increase the MNQ for options overlying GLD, which is a new product in which the Exchange expects substantial trading volume.

The Exchange proposes to increase the MNQ in GLD options from 12 quoters, the MNQ applicable to new products with no “track record” sufficient to determine whether such product falls within the top 5% most actively traded options, to 22 quoters, based on the Exchange’s belief that options overlying GLD will eventually fall within this category.

Increasing the MNQ in GLD options will enable the Exchange to enhance the liquidity offered, thereby offering deeper and more liquid markets. The Exchange represents that it will comply with all of the requirements of Exchange Rule 507 in increasing the MNQ in GLD options and, if it determines subsequently to reduce such MNQ, in reducing the MNQ in GLD options. Changes to the MNQ will be announced to the membership via Exchange Circular.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>7</sup>

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<sup>7</sup> 15 U.S.C. 78f(b).





